

Record of Minutes

Colorado 31 Larimer

Poudre Valley Rural Electric Association, Inc.

December 21, 2010

President Jack R. Schneider called the meeting to order at 9:00 a.m. All [ten] directors were present except Director Anderson [ill] and Director Alexander. Also attending were CEO Robert B. Gaskill, Chief Financial/Operating Officer Jeff Wadsworth, Operations Services Manager, Tim Stanton, Human Resources and Safety Services Manager Duane Ziller, Member Services and External Affairs Manager Myles Jensen, Engineering Services Manager E. James Byrne, new Operations Services Manager Glen Livengood and Attorney Mike Westbrook. Guest Steve Szabo was also in attendance.

There being no further business to come before the November 30, 2010, meeting of the Board, upon motion duly made, seconded and unanimously carried, the meeting was adjourned.

President Schneider called the regular December Board meeting to order.

Changes to the Agenda were made by President Schneider as follows: Add additional information under item 13E regarding related agreements with Tri-State [policies 115 and 117], add 13L Board Resolution for approval of transfer of the Richards Lake to Waverly Transmission line easement to Tri-State, add 21B regarding Colorado Renewable Energy Society, add 21C regarding changes to the IRS mileage rate for 2011, and add 21D regarding board policy for communicating with the media. [09:03]

President Schneider asked for comment from the public, and there was no comment. [09:04]

Upon motion duly made, seconded and unanimously carried, the following matters were adopted and approved by the Board:

1. Minutes of the Board Meeting on November 30, 2010.
2. Work Order Form 219 (#805-11-10) in the amount of \$158,896.77.
3. Three-Phase and Line Extension Report for December 2010 on the list given to the Board prior to the meeting.
4. Estate capital credits discounted payment for November in the amount of: \$15,289.73 on the list given to the Board prior to the meeting. [09:06]

Additional information was distributed by CEO Gaskill. CEO Gaskill reported that Manager Byrne will be retiring in 2011 and recognized Manager

Byrne for his years of service to the Association. CEO Gaskill introduced Manager Glen Livengood who is the new Operations Services Manager [09:10]

CF/OO Wadsworth gave a verbal and PowerPoint® report on various financial matters. Questions were asked by members of the Board and answered by Mr. Wadsworth. Upon motion duly made, seconded and unanimously carried the financial report was accepted. During this item, Mr. Szabo left the Board room. [9:33]

CEO Gaskill, CF/OO Wadsworth, Manager Jensen, and Manager Ziller presented the management's 2011 Strategic Plan. The materials had been sent to the Board prior to the meeting. During this item [9:39], director Alexander entered the Board meeting. Questions were asked by members of the Board and answered by CEO Gaskill. [10:40]

CEO Gaskill gave a verbal update to his written presentation that had been sent to the Board prior to the meeting. [11:02]

Manager Jensen gave a verbal update to his written presentation that had been sent to the Board prior to the meeting. [11:07]

CF/OO Wadsworth gave a verbal update to his written presentation that had been sent to the Board prior to the meeting. [11:15]

Manager Stanton gave a verbal update to his written presentation that had been sent to the Board prior to the meeting. Manager Livengood provided the Board with his background and history of employment with electric cooperatives. [11:22]

Manager Ziller gave a verbal update to his written presentation that had been sent to the Board prior to the meeting. [11:24]

Manager Byrne gave a verbal update to his written presentation that had been sent to the Board prior to the meeting. The Board thanked Manager Byrne for his service to the Association. [11:28]

Upon motion duly made, seconded and unanimously carried the management reports were accepted. [11:28]

The written safety report of December 7, 2010, had been sent to the Board prior to the meeting. CEO Gaskill reviewed the contents of the report. Upon motion duly made, seconded and unanimously carried, the safety report was accepted. [11:45]

Attorney Westbrook and CEO Gaskill reported on the status of damage claim matters being handled by the Association's insurance counsel. [11:48]

At this time the regular luncheon break was taken. [reconvene at 12:35]

CEO Gaskill reported on the status of (Agenda Item 12): A) 2011 Rate Design. Discussion ensued about the 2011 Rate Design and rate amounts [12:58]; B) update on the Association's AMI project with input by Manager Jensen [13:11]; C) Update on Carter Lake Hydro Project [13:28]; D) presentation of administrative and team member policies and procedures with input by Manager Ziller. [13:35]

CEO Gaskill presented a number of matters for action by the Board; and upon motion duly made, seconded and carried the following actions were taken:

- A) The 2011 Budget and Work Plans were approved unanimously as presented by management of the Association. [13:40]
- B) Authorize the Chief Executive Officer to execute the Smart Grid Demonstration Participation Agreement and Amendment No. 1 to the Agreement with NRECA upon review by General Counsel. [13:46]
- C) Authorize the Chief Executive Officer to execute the Facilities Construction and Purchase of Power Agreement with DCP Midstream upon review by General Counsel. [13:49]
- D) Authorize the Chief Executive Officer to execute the Interconnection of Generation Resource Contract with Northern Colorado Water Conservancy District upon review by General Counsel. [13:52]
- E) Authorize the Chief Executive Officer to execute the Small Renewable Generator Power Purchase Agreement with Northern Colorado Water Conservancy District and related documents with Tri-State [regarding policies 115 and 117] upon review by General Counsel. [13:52]
- F) Authorize the Chief Executive Officer to execute the Purchase of Power and Service Extension Agreement with Carestream upon review by General Counsel. [14:00]
- G) Approve unanimously the following resolution regarding the 2011 Work Plan Construction:
  - WHEREAS, Poudre Valley Rural Electric Association, Inc. ("PVREA") needs to construct various projects that have been approved in the 2010 – 2013 Construction Work Plan; and
  - WHEREAS, PVREA needs to utilize outside construction services as necessary to complete the various projects that have been approved in the 2010 – 2013 Construction Work Plan; and

WHEREAS, PVREA has applied for a loan, by way of the 2010 – 2013 Construction Work Plan or Construction Work Plan Amendment thereto, to the Rural Utilities Service which will provide the necessary funds for the projects; and

WHEREAS, PVREA's engineering staff has gone out for competitive bids for the Construction Services for selected 2010 – 2013 Construction Work Plan Projects; and

WHEREAS, on November 12, 2010, PVREA received and opened seven competitive bids for the Construction Services for selected 2010 – 2013 Construction Work Plan Projects; and

WHEREAS, PVREA's engineering staff recommended the acceptance of the bid by Foothills Energy Services, Inc.

NOW THEREFORE, BE IT RESOLVED that the Board of Directors of Poudre Valley Rural Electric Association, Inc. does hereby accept the bid of Foothills Energy Services, Inc. for the Construction Services for selected 2010 – 2013 Construction Work Plan Projects.

[14:02]

- H) Upon motion duly made, seconded and unanimously carried, the President was authorized to execute the CFC loan agreement and secured promissory notes upon review by General Counsel. [14:04]
- I) Upon motion duly made, seconded and unanimously carried, the President was authorized to execute Amendment No. 11 to the Purchase of Power Agreement with Kodak upon review by General Counsel [14:07]
- J) Approve unanimously the appointment of Survey & Ballot Systems to oversee the receiving, storage and counting of director election ballots for the Annual Meeting of members. [14:09]
- K) Approve unanimously the appointment of an election supervisory committee [Ryan O'Conner with Survey & Ballot Systems, Manager Jensen and Attorney Westbrook] to oversee the director election and voting process for the Annual Meeting of members. [14:12]
- L) Approve unanimously the following resolution regarding the assignment of transmission line easement:

WHEREAS, Poudre Valley Rural Electric Association, Inc. ("Poudre") is going to receive 115 kV transmission service from Tri-State Generation and Transmission Association, Inc. ("Tri-State") for Poudre's Waverly Substation; and

WHEREAS, said transmission service will necessitate the replacement of a portion of Poudre's 69 kV transmission facilities with Tri-State's 115 kV transmission facilities; and

WHEREAS, Poudre has an existing easement recorded in Book 1201, Page 323 of Larimer County, State of Colorado records that will no longer be required by Poudre; and,

WHEREAS, Tri-State will need said easement for their new 115 kV transmission facilities to the Waverly Substation.

NOW THEREFORE, BE IT RESOLVED that the Board of Directors of Poudre does hereby authorize Poudre to assign its easement recorded in Book

At this time, the Managers left the Board room. [14:17]

Director Michie reported on Tri-State matters. A written report on Tri-State had been distributed prior to the meeting. [14:32]

Director Lock reported on WUESC matters. A written report on WUESC had been distributed prior to the meeting. [14:37]

President Schneider reported on CREA matters. A written report on CREA had been distributed prior to the meeting. [14:38]

Upon motion duly made, seconded and carried the following delegates and alternates were named:

CREA Annual Meeting: President as delegate and Secretary/Treasurer as alternate.

NRTC Annual Meeting: Vice-President as delegate and Secretary/Treasurer as alternate.

NCSC Annual Meeting: Vice-President as delegate and Secretary/Treasurer as alternate.

NRECA Annual Meeting: Vice-President as delegate and Secretary/Treasurer as alternate.

CFC Annual Meeting: Vice-President as delegate and Secretary/Treasurer as alternate.

Federated Insurance Annual Meeting: Vice-President as delegate and Secretary/Treasurer as alternate. [14:41]

Directors Johnson and Alexander reported on the Mid-West Electric Consumers Association Annual Meeting. [14:47]

Other past and upcoming meetings were discussed: Poudre Valley Board meeting and Retiree and Employees Service Awards Luncheon on January 25; NRECA Director Conference in San Antonio January 31 to February 1; CREA Annual Meeting in Denver on February 26 to March 1; and NRECA Annual Member meeting March 6 to 9 in Orlando. [14:49]

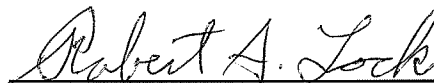
Each of the Board members, the CEO and the attorney reported on the contents of their respective expense billing sheets. Upon motion duly made, seconded and unanimously carried, the director, CEO and attorney reports were approved. [14:54]

Other industry issues and correspondence were discussed as follows: A) member correspondence [14:57]; B) Colorado Renewable Energy Society (CRES) annual conference [15:05]; C) CEO Gaskill reported that IRS mileage rate will be \$0.51 on January 1 [15:06]; D) Vacancy in the Board of Directors. A

motion was made and seconded to fill the vacancy created by Director Hole with Jim Fender. Motion failed. [15:20]. Discussion continued about filling the vacancy in the Board of Directors; A motion was made and seconded to post the Board vacancy [for former Director Hole's unexpired term which expires at the Annual Member meeting of the Association in March 2012] immediately on the Association's Website. Interested applicants who meet the requirements as provided in the Association's bylaws, rules, regulations and policies shall submit a resume to Myles Jensen at the Association's Headquarters [7649 REA Parkway, Fort Collins, CO 80528] on or before 5:00 p.m. January 14, 2011. The Board will then consider any applicants and fill the position with a new director on or before January 31, 2011. The motion carried. Director Lock and Director Schneider voted to oppose the motion. [15:48].

Upon motion duly made, seconded and unanimously carried, the President was authorized to appoint a selection committee for filling the vacant director position as approved by the Board above. The selection committee will consist of Director Alexander, Director Diehl and President Schneider. [15:52].

There being no further business to come before the meeting, upon motion duly made, seconded and unanimously carried, the meeting was recessed until the regular Board meeting on **January 25, 2011**. [15:53]

  
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Robert A. Lock – Secretary

ATTEST:

  
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Jack R. Schneider – President

NOTE: The 2011 Board meeting dates have been set as follows: January 25, 2011, February 22, 2011, March 26, 2011 (reorganization only), March 29, 2011, April 26, 2011, May 31, 2011, June 28, 2011, July 26, 2011, August 30, 2011, September 27, 2011, October 25, 2011, November 29, 2011, and December 20, 2011. The Annual Meeting of members of the Association has been set for Saturday, March 26, 2011, at the Embassy Suites in Loveland [registration starts at 7:30 a.m.].